[This question paper contains 8 printed pages.]

Your Roll No..............

Sr. No. of Question Paper : 6451

Unique Paper Code	:	61011306
Name of the Paper	:	Management Accounting
Name of the Course	:	**Bachelor of Management Studies (BMS), 2022 (LOCF)**
Semester	:	III
Duration	:	3 Hours
Maximum Marks	:	75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.

2. Attempt **all** Questions. **All** questions carry equal marks.

3. Use of scientific calculator is allowed.

1. (a) Mr. Nagarjun furnished the following data relating to the manufacture of a standard product, you are required to preparea "Cost Sheet" for the period ended 31st March, 2022

P.T.O.

Particulars	**Details**
Consumable Materials (in Rs)	
Opening Stock	12,000
Purchases	83,000
Closing Stock	5000
"Direct Wages	15,000
Direct Expenses	15,000
Factory Overheads	100% of Direct Labour
Office Overheads	10% of Works Cost
Selling and Distribution Expenses	Rs. 4 Per unit
Units of Finished Product :	
In hands at the beginning of period	1000 (Value Rs. 15000)
Produced during the period	10,000
In hands at the end of period	2000

Also, find out the selling price per unit on the basis that profit mark-up is uniformly made to yield a profit of 20% of selling price. There was no work-in-progress either at the beginning or at the end of the period. (12)

(b) From the following, calculate the cash Break-even point.

Particulars	In Rupees
Selling price per unit	50
Variable Cost per unit	40
Depreciation includes in the	
above per unit	10
Fixed Cost	2,00,000
Depreciation included in above	40,000

Presume that there is no time-lag in payment.

(3)

2. (a) The PQR Ltd provides you the following per unit details of its price and cost of production when operating at normal capacity of 10,000 units.

Particulars	In Rupees
Selling Price	100
Material Cost	30
Labour Cost	20
Variable Factory (Overheads	10
Fixed Factory Overheads	10
Variable Selling Overheads	5
Fixed Selling Overheads	5
Total Cost	80

Due to adverse market conditions, it is estimated that the company can manage to sell only 1500 units next year. The management-plans to shut-down the operation of the plant. It is estimated that fixed factory overheads and fixed selling and administrative overheads can be reduced to ₹40,000 and ₹20.000 respectively in the event of shut down. Further, it will require an additional cost of ₹5000 and ₹10000 as shut down and re-operating costs respectively.

As a management consultant, you are required to advise the management whether it should shutdown the plant or operate. Show the computation of shut down level of sales. (12)

(b) Explain normal and abnormal wastage and state how they should be dealt with in process cost accounts. (3)

3. The following data relate to Vision Ltd.

The financial manager has made the following sales forecasts for the first five months of the coming year, commencing from 1st April 2022 :

Month	Sales (in Rupees)
April	40,000
May	45,000
June	55,000
July	60,000
August	50,000

Other Data :

(i) Debtors' and Creditor's balance at the beginning of the year are Rs. 30,000 and Rs. 14,000 respectively. The balance of other relevant assets and liabilities are :

Cash Balance	Rs. 7,500
Stock	Rs. 51,000
Accrued Sales Commission	Rs. 3,500

(ii) 40% sales are on cash basis. Credit sales are collected in the month following the sale.

(iii) Cost of sales in 60 percent on sales.

(iv) The only other variable cost is a 5% commission to sale agents. The sales commission is paid in a month after it is earned.

(v) Inventory (stock) is kept equal to sales requirements for the next two-month budgeted sales.

(vi) Trade creditors are paid in the following month after purchases.

(vii) Fixed costs are Rs. 5,000 per month including Rs. 2,000 depreciations.

You are required to prepare a cash budget for the months of April, May and June 2022. (15)

4. (a) Creative Limited processes product Z through two distinct process– Process I and Process II. On completion, it is transferred to finished stock. From the following information for the year 2021-22. Prepare Process I, Process II and finished stock account.

Particulars	**Process I**	**Process II**
Raw Materials used	7,500 units	–
Raw Material Cost per unit	Rs. 60	–
Transfer to next process/finished stock	7,050 units	6,525 units
Normal Loss (on inputs)	5%	10%

Direct Wages	Rs. 1,35,750	Rs. 1,29,250
Direct expenses	60% of Direct Wages	65% of Direct Wages
Manufacturing Overheads	20% of Direct Wages	15% of Direct Wages
Realizable value of scrap per unit	Rs. 12.50	Rs. 37.50

6,000 units of finished goods were sold at a profit of 15% on cost. Assume that there was no opening or closing stock of work-in-progress. (12)

(b) 'The classification of costs as controllable and non-controllable depends upon a point of reference'. Explain. (3)

5. (a) Calculate the labour variances from the following information :

Standard Wages	
Grade X	180 Labour at Rs 10 per hour
Grade Y	120 Labour at Rs 5 per hour

Actual Wages	
Grade X	160 Labour at Rs. 5 per hour
Grade Y	70 Labour at Rs 6 per hour

Budgeted Hours 2000: Actual Hours 1800 Budgeted Gross Production 5000 units Standard Loss 20%, Actual loss 900 units. (12)

(b) What do you understand by Composite Break-even point? Explain with an example its relevance for decision making. (3)

OR

Write short notes on any three of the following :

- Life Cycle Costing
- Cost Allocation and Cost Apportionment
- Cost Centre and profit Centre
- Activity Based Costing
- Assumptions of CVP/BEP analysis

(5×3=15)